



Sustainable Value Creation in the Circular Economy.

*Values, valorisation and evaluation practices in the
social and solidarity circular economy*

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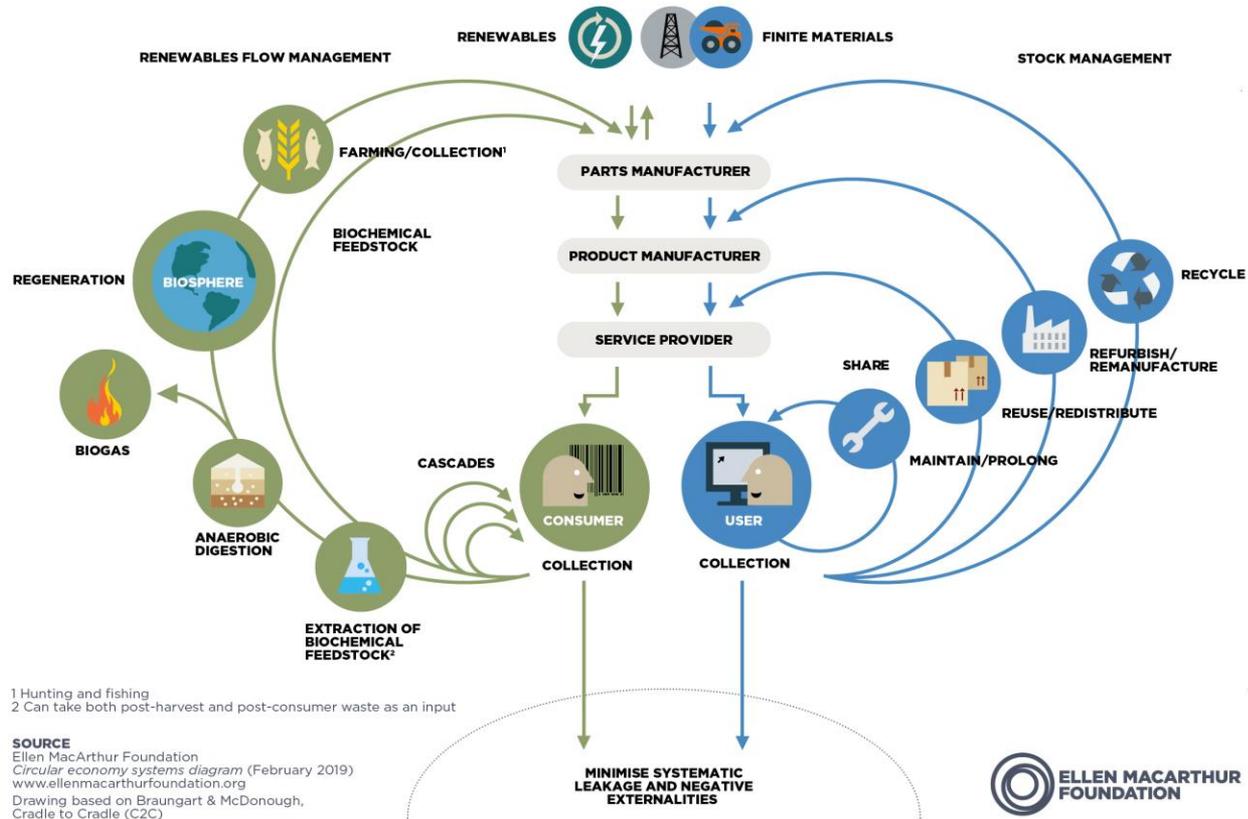
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CE – a critical perspective

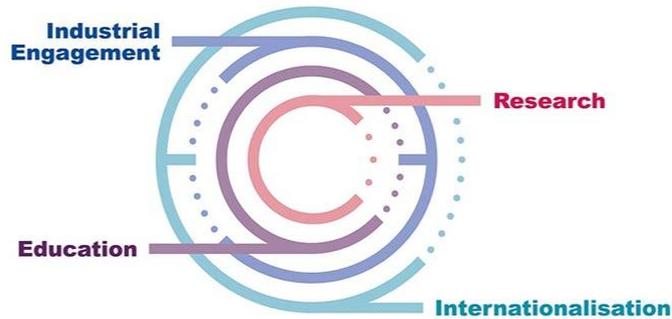
CE has sparked interest across a wide range of stakeholders interested in a more sustainable future. Evocative of “‘totality, wholeness, original perfection, the Self, the infinite, eternity, timelessness, all cyclic movement, [and] God’ (Protas, Brown, and Smith Citation 2001 [1997], 1). It evokes a modernist variant (Hobson Citation 2016) of the myth of an eternal return (Eliade Citation 1989 [1949])” (Corvellec et al., 2020: 100).

However, **the dominant approach to CE has attracted growing criticism** because of its lack of attention to non-material, political, cultural, social aspects (Leipold et al., 2021; Walker et al., 2021; Calisto Friant et al., 2020; Schoered et al., 2020; Corvellec et al., 2020 and 2022). Corporate-driven, dominated by technical solutions that are **not necessarily leading to social and environmental improvements and well-being.**

“What is the CE able to do, not able to do, pretending to do, or ignoring in the face of these challenges? Is a CE more inclusive and just than a linear one? Would work and ecosystems be more and better valued in such an economy, or is this circularity mainly there to squeeze even more out of people and nature? And how is circular value to be calculated, measured and accounted for? How would we actually know that our economies and societies are becoming more circular?” (Corvellec et al., 2020: 100)

How does CE fit in the societal 'grand challenges'?





CE-HUB

UKRI National Interdisciplinary
Circular Economy Research



 University
of Exeter

Circular Economy Masterclass

Learn how to create and capture
circular value

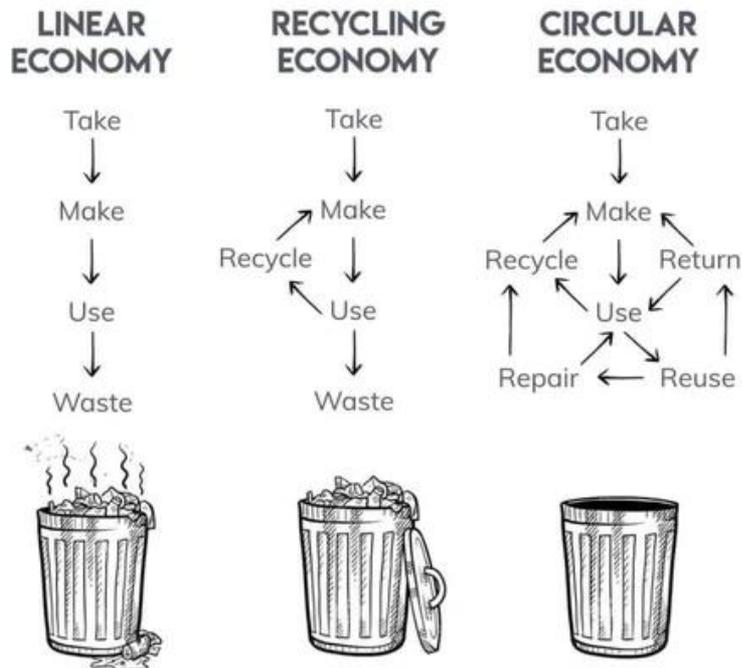
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Circular Economy & Accounting

- Accounting is missing in the current literature on CE. Theory-practice gap?
- “[N]ew forms of accounting are needed to transform waste from a costly or non-valuable item into a source of value – either economic, ecological and/or societal.” (Arjaliès et al., 2019)



Circulytics + Circulytics 2.0: “Circularity Indicator for your company” (EMF).

Material Circularity Indicator (MCI).

Circular Transition Indicators (CTI).

Circular Metrics for Business

The CirculAbility Model of the Enel Group

A Sociology of Valuation Perspective

Sociology of Valuation (SoV) may help to extend our understanding of accountability processes in business context.

SoV centres around the interplay between **value** and **values**. Social values are the very fabric of calculation, of rationality, of value (White, 1981; Stark, 2000; Lamont, 2012). Performativity plays a central role, as “categories of life [...] are not self-standing, ‘natural’ or to be taken as given” (MacKenzie, 2004: 305).

However many authors tend to look at how performance management systems drive behaviour (Callon, 1998; Fourcade, 2011) - less attention is given to the other side of the coin: **how alternative performance system emerge driven by ‘values practices’?** (Gehman et al., 2013).

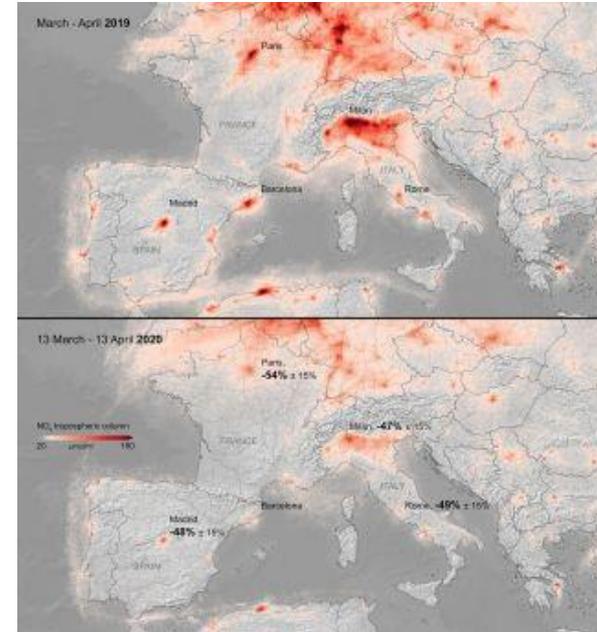
Vatin (2009) proposes a useful distinction of valuation practices: **‘Valorization’** (giving worth and value) and **‘evaluation’** (judgement and assessment of value).

By considering ‘valorization’ as the other face of ‘evaluation’, Vatin embeds assessment metrics and accountability processes into categorization and legitimation dynamics.



Case study

- CAUTO can be considered as an **unusually revelatory case** (Yin, 2017), because of its combination of different hybrids (Battilana et al., 2017).
- Brescia hosts many manufacturing industries and is one of the **most polluted** cities in Europe (EC, Air Quality Atlas, 2017).
- CAUTO was **founded in 1995**, pioneering CE principles and practices about waste reduction and reuse. The cooperative employs about **413 employees** (2018) and it is widely considered as a leading example for its **capacity to combine environmental, social and economic objectives**.



Methods and Data

- **20 semi-structured in-depth interviews** with CAUTO's founders, senior management and clients (see Table 1).
- **A longitudinal qualitative content analysis** of documents that cover the period 1995–2009.
- **A participatory observation** of one of the authors that spent 8 months in the company. This provided first-hand information and a deeper understanding of internal dynamics and values practices.
- A 2-hour **focus group** with 46 employees (about 11% of CAUTO workforce) that enhanced our understanding of CE values practices at CAUTO from a workers' perspective.

No. interview	Interviewee	Date	Duration (mins)
1	President 2 *	10/05/18	01:33:45
2	The Founder *	09/07/18	18:00
3	President 1*	23/07/18	43:47:00
4	Head of Communication *	27/07/18	01:38:22
5	Administrative Manager *	07/08/18	01:22:55
6	Head of Human Resources *	08/08/18	01:12:03
7	Head of Environmental Education	09/08/18	49:03:00
8	Head of Relations with local authorities *	14/08/18	01:08:01
9	General Manager *	23/08/18	01:10:16
10	Controller *	30/08/18	47:42:00
11	President 3 *	16/09/18	55:07:00
12	Head of the Social Workshop (Social Cohesion) *	25/10/18	43:46:00
13	Non-profit Co-operator **	05/11/18	15:52
14	Client 1 **	16/11/18	12:00
15	Client 2 **	12/12/18	10:08
16	Client 3 **	28/12/18	08:02
17	President 2 *	15/03/19	12:10
18	General Manager *	10/09/19	15:00
19	Controller *	29/10/19	18:10
20	The Founder *	25/11/19	12:00

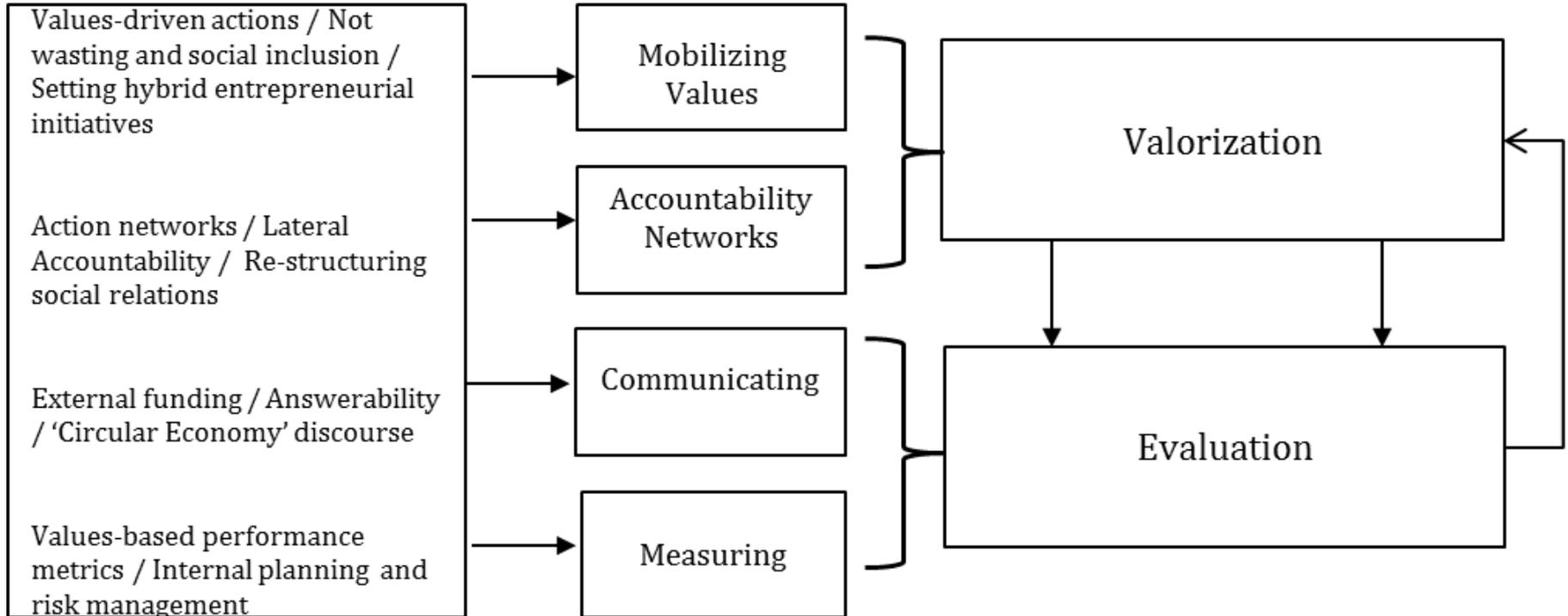


Coding Tree of our Study

1st Order Coding
(Values Practices)

2nd Order Themes
(Micro-dynamics)

Aggregate Dimensions
(Valuation Processes)

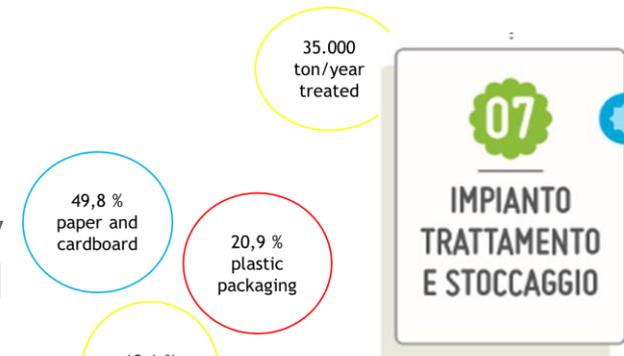


Analysis of findings and contributions: the value of “waste”?

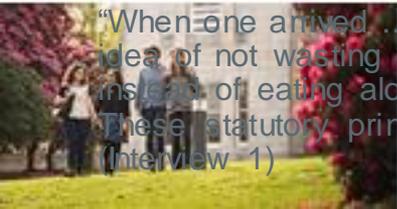
- Based on our findings, we propose a more general process model of organisational sustainability valuation practices that entails three interrelated dimensions: *values, evaluation, and valorisation*.
- The study contributes to redirecting attention to the effectiveness of measuring sustainability by showing a pathway towards a more *situated, relational, and action-based approach*.

“When one arrived ... he was given this document [Code of conduct, 1995]. This idea of not wasting ... was instilled in me, of *valorisation*. But also eating together instead of eating alone because you simply waste less, was "preached" to me. These statutory principles, I don't know what to call them, are very rooted.” (Interview 1)

- The valorisation of *both goods and persons* that are widely *seen in our society as worthless* is at the very heart of CAUTO's mission and values practices.

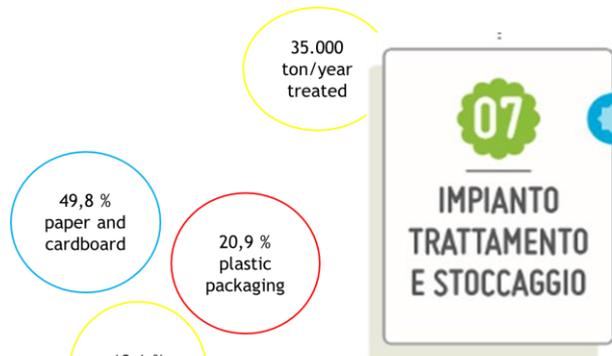


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Analysis of findings and contributions

- What we found to be revelatory was the underlying performativity of values in framing and shaping evaluation and valorisation processes and the emergence of a coherent and effective *hybrid accountability process*.
- Well before the emergence of formalized metrics of performance, CAUTO had developed a more informal but pervasive form of *mutual and lateral accountability* (Munro and Hatherly, 1993; Willmott, 1996) through which shared values were communicated and interiorized.
- There is an element of ‘managing without measuring’ (or ‘valorising without/before evaluating’?) which seems to stand out from the materials.
- Does one need measuring to produce social and environmental improvements? Does one need to count it, for it to count (see also Hopwood, 2009)?



From measuring (evaluation) to finding the right measure (values)

CAUTO = Cantiere Auto-Limitazione

The word 'measure', 'métron' (μέτρον) in ancient Greek. It could be translated as 'rule', 'limitedness', 'boundaries', signalling awareness of physical and particularly ethical limits. This is evident, for instance, in the expression "kata métron" which referred to the attitude of those who knew how to take care of themselves (Prier, 1979).

Thus, originally, 'measure' was not seen as an attribute of an object (a representation that corresponds to the object) but as a relationship between values and activities aimed at achieving a dynamic situation of balance and stability (Prier, 1979).

Nemesis was the Goddess of measure but also of justice.



Beyond CAUTO? Theorising a Social and Solidarity Circular Economy

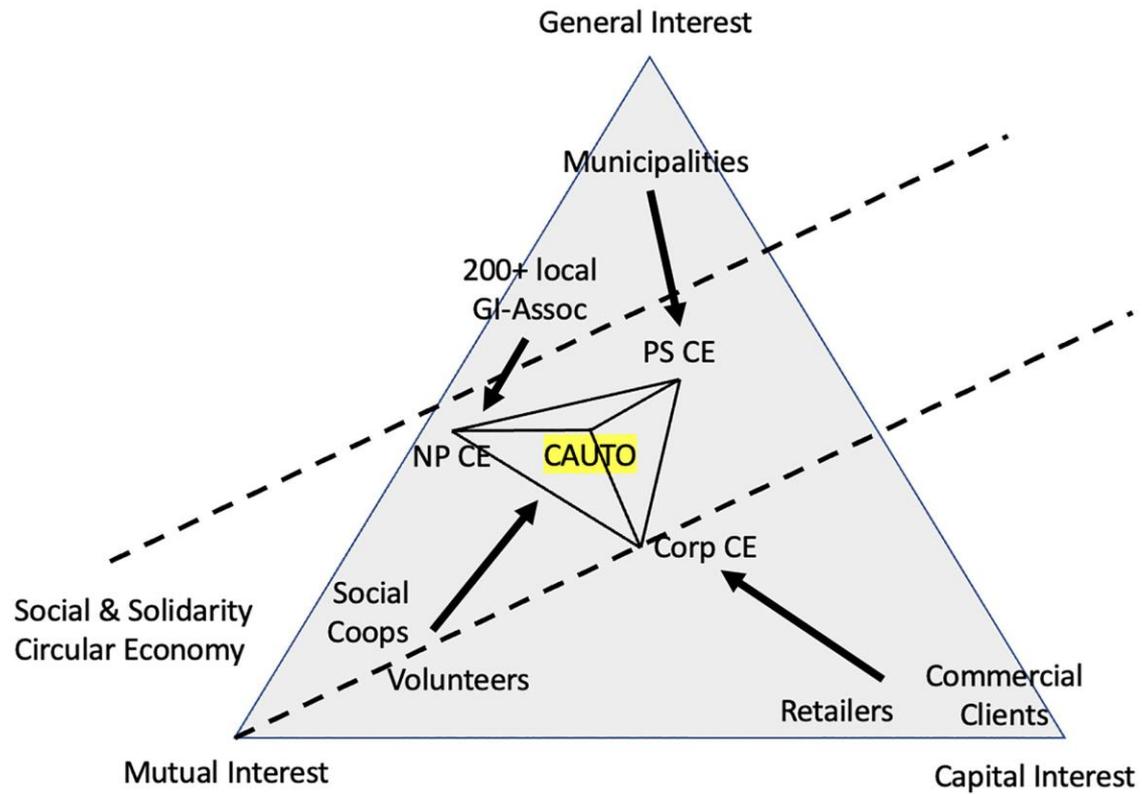
Once we had completed our study of CAUTO, we realised that across the world, **there are many other clusters of SSCE** (Circle Economy, 2020; Marchesi & Tweed, 2021; Moggi & Dameri, 2021; REEUSE, 2021). This vast phenomenon is largely uncharted and under-theorised as it tends to fall in the cracks between the study of alternative organisation—for example, social cooperatives—and that of circular business models.

This needs urgent attention in the CE conceptual framework' (p. 376). Calisto Friant et al. (2020) maintain that 'it is key to establish a **democratic and deliberative governance system** for a CE to ensure that everyone is involved in its construction and that its benefits reach the most vulnerable'. (p. 6). Others have drawn attention to the need that 'the actual and perceived societal benefits of a new circular model are established in a more fundamental and sound manner' (Velis, 2018, p. 759) claiming that 'the values, societal structures, cultures, underlying worldviews and the paradigmatic potential of CE remain largely unexplored' (Korhonen et al., 2018, p. 544).

We believe that the adoption of new accounting rules and evaluation processes alone is not enough. A fundamental reconsideration of traditional hierarchical **governance mechanisms** by which a company is directed and controlled.



Virtuous circles: Transformative impact and challenges of the social and solidarity circular economy



Bus Strat Env, First published: 19 July 2023, DOI: (10.1002/bse.3505)



	Circular corporation	Social and solidarity circular enterprise
Strategic aims	Focus on economic value creation and profit maximising. Material flows valorisation strategies are deployed in the production and trade of goods and services. Potential to generate environmental gains.	Hybrid social and economic value creation. Dual valorisation of material resources and marginalised people in the production and trade of goods and services. Potential to promote social and environmental justice (solidarity and reciprocity)
Organisational boundaries	Follows legal-ownership conventional organisational boundaries linked to transaction costs. Increased control over resources. Decision-making based on efficiency and cost minimisation.	More eclectic and networked organisational boundaries inclusive of the community (multi-stakeholder co-operation). Decision-making based on the alignment of organisational activities and identity (open and participatory process)
Governance mechanisms	Circular business practices are organised into conventional hierarchical structures and accountability is limited to providers of capital.	Circular innovations are extended to governance mechanisms based on participatory and democratic principles. Lateral accountability, distributed beyond capital providers.



Embed CE in hybrid organisations and complex institutional environments

- Fully recognise that CE is ‘**plural, multiple, diverse**’ (Borrello et al., 2021, p. 318).
- The concept of **hybridity and institutional complexity** helps to understand both the opportunities for innovation and the risks of tensions related to hybridity and institutional complexity.
- This requires greater attention to **cross-sector partnerships** as a mode of governance and new forms of **organisational hybridity** that are not only or mainly about economic gains.

Towards a Circular ~~Economy~~ Society?

- One of the most interesting avenues for future research concerns the **shift from focusing only on corporate and market-led views of CE to designing a ‘circular society’**.
- In particular, this entails a reflection on **the relationship between CE and power relations, inequality, social innovation, social control, (re)distribution of wealth and value**.
- In reality **CE is already embraced and promoted on the basis of ethical values and societal goals** (including localism, local jobs creation). However, the public and academic debate have so far adopted a de-contextualised and de-politicised view.

Towards a Circular ~~Economy~~ Society?

- “The circular economy is being touted as an instrument for building back better and mitigating further unemployment against the backdrop of the covid-19 pandemic. Only a circular economy that is ethical and inclusive will be suited to meet these challenges. To do this, **the circular economy must learn from the social economy and cooperate across civil society, policy, industry, science and education.**” ([RREUSE, 2021](#))
- Without opening our research focus to a wider range of circular organisational forms (e.g. social enterprises) and governance settings (e.g. cross-sector partnerships) – beyond organisational boundaries based on efficiency and transaction cost theory of the firm – risk of **putting new wine in old bottles.**

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Thank You!



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